

ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

DATE: December 5, 2006

FROM: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS

August 2006 TAX FACTS

SUMMARY OF GENERAL FUND REVENUES

		Fiscal Year
	<u>August 2006</u>	<u>Total</u>
Individual Income Tax		
Net Collections	\$ 237,654,496	\$ 424,601,201
Percent Change	4.1%	1.9%
Corporate Income Tax		
Net Collections	\$ 32,017,766	\$ 71,051,007
Percent Change	36.7%	21.0%
Transaction Privilege, Se	everance & Use Taxes	
Net Collections	\$ 353,466,457	\$ 743,926,688
Change	5.8%	9.1%
Total Big Three Tax Type	es	
Net Collections	\$ 623,138,719	\$1,239,578,896
Percent Change	6.4%	7.1%

TAX FACTS August 2006

INDIVIDUAL INCOME TAX

Individual Income Tax Receipts

	August-06	August-05	% Change
Gross Collections	\$ 23,419,716	\$ 25,713,368	(8.9)
Withholding	\$ 277,608,666	\$ 253,061,649	9.7
Refunds	\$ (17,437,997)	\$ (15,075,017)	15.7
Urban Revenue Sharing	\$ (45,935,888)	\$ (35,435,744)	29.6
Net Collections	\$ 237,654,496	\$ 228,264,256	4.1

	Fiscal Year Total (06/07)	Fiscal Year Total (05/06)	% Change
Gross Collections	\$ 41,357,360	\$ 41,108,389	0.6
Withholding	\$ 511,936,279	\$ 474,379,257	7.9
Refunds*	\$ (36,820,661)	\$ (27,834,457)	32.3
Urban Revenue Sharing	\$ (91,871,777)	\$ (70,871,488)	29.6
Net Collections	\$ 424,601,201	\$ 416,781,701	1.9

^{*}Refunds issued as a result of the Ladewig case are not included in the total refunds listed in the "Individual Income Tax Receipts" section above or the "Average Individual Income Tax Refund" section later mentioned in this publication. Ladewig refunds were finalized as of July 2006

Included in the refund amounts above are refunds relating to the alternative fuel vehicle (AFV) income tax credit. In August 2006, the department did not issue any individual or corporate income tax refunds for alternative fuel-related credits.

Individual Income Tax Document Count

In calendar year 2005, the following individual income tax returns were filed:

	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	46,957	1,675,324	99,248	115,957	12	45,036	279,787	12,873	188,966	3,161	8	2,467,329
%	1.9%	67.9%	4.0%	4.7%	0.0%	1.8%	11.3%	0.5%	7.7%	0.1%	0.0%	

In calendar year 2006 the number of returns filed, and processed, are as follows:

_	140X	140	140NR	140PY	140NPR	141 & 141AZ	140A	140PTC	140EZ	140ET	OTHER	TOTAL
#	41,333	1,570,884	93,784	124,523	0	38,011	388,170	12,092	174,428	3,454	11	2,446,690
%	1.7%	64.2%	3.8%	5.1%	0.0%	1.5%	15.9%	0.5%	7.1%	0.1%	0.0%	

The 2,446,690 returns representing current and prior tax years, filed through August 2006 compares to 2,334,672 returns filed during the same period of time in 2005 for an annual increase of 4.8%. For the tax year 2005 filed in 2006, 2,338,836 returns have been filed, a 4.7% increase over filings through August 2005 for tax year 2004.

Year-Over-Year Comparison of Resident Taxpayers

Comparisons of Federal Adjusted Gross Income (FAGI) and tax liability growth between two tax years can be made by using data from taxpayers who have filed for both calendar years and have maintained the same filing status for both years. The Department of Revenue has received 1,604,652 returns in calendar year 2006 for tax year 2005 from filers who also have returns on record from calendar year 2005 with the same marital status. On average, these filers experienced a 10.9% increase in FAGI and a 14.9% increase in tax liability. More specifically, 34.2% of these filers experienced a decrease in tax liability; on average a decrease of 19.9% in FAGI with a corresponding average decrease in tax liability of 38.1%. Filers with an increase in tax liability totaled 867,127 or 54.0%, with an average FAGI increase of 36.1% and an average tax liability increase of 64.7%.

Average Individual Income Tax Refund

Net of Ladewig refunds.

% Change	15.4	6.4
2005 CYTD	\$ 491.65	1,424,656
2006 CYTD	\$ 567.40	1,516,514
	Average	Number

"New" Filers in Calendar Year 2006

Table 1 attached to this report, presents the number of "new" returns filed in calendar year 2006. "New" returns are for those filers who did not file in the previous calendar year. Therefore, these filers could be new full-year residents of Arizona, or they may be newly required to file an individual income tax return. (The filer may not have earned enough income in the previous year to file, such as a recent graduate just entering the work force.) The table indicates that 270,535 "new" returns have been filed thus far in 2006, representing approximately 327,536 persons, not including dependents. The average Federal Adjusted Gross Income is \$22,000 with an average tax liability of \$376. The right half of this table presents characteristics of the filers represented on the returns. Of all "new" returns, 16.7% had a married filing joint filing status, 7.1% claimed a 65 and Over Exemption and 34.0% claimed dependents.

Individual Income Tax Estimated Payments

Taxpayers are required to make estimated payments if their Arizona gross income will exceed \$75,000, in an amount which will represent unpaid tax liability at the end of the taxpayer's tax year. Total estimated payments paid with form 140ES tax year 2005 was \$579.3 million, for an average of \$2,687. An additional \$94.9 million in estimated payments came from 2004 tax returns that applied their refunds as a 2005 estimated payment, for an average of \$2,353. Estimated payments received through August 2006 for tax year 2006 are as follows:

Total 08/06 Total 08/05		\$	13,176,339 14,178,898	Cumulative \$ Cumulative \$	260,414,386 200,851,789
23/00	% change	-	1.5	σω	11.3
08/05	Applied refund	\$	5,391,644	Cumulative \$	33,473,605
08/06	Applied refund	\$	5,471,354	Cumulative \$	37,256,356
	% change	е	(25.9)		19.1%
08/05	Average payment	\$	2,570	Cumulative \$	1,685
08/06	Average payment	\$	1,904	Cumulative \$	2,007
	% change	е	(12.3)		33.3
08/05	140ES payment	\$	8,787,254	Cumulative \$	167,378,184
08/06	140ES payment	\$	7,704,984	Cumulative \$	223,158,030

Withholding

Withholding payments are received from employers and applied towards a specific quarter for the designated year. Information is gathered for 15 months for any given quarter. For example, from January 2004 through March 2005, \$592,987,493 was received for the first quarter of 2004. The latest complete quarter (15 months of information has been compiled) is the third quarter of 2005, which shows an increase of 28.2% in withholding payments over the third quarter of 2004. Growth in quarters for which information is still being gathered is as follows:

3 rd Quarter 2005	28.2%	1st Quarter 2006	38.8%
4 th Quarter 2005	18.1%	2 nd Quarter 2006	24.4%
		3 rd Quarter 2006	4.7%

As of January 1, 2005, the current choices for withholding are 0%, 10%, 19%, 23%, 25%, 31% or 37% as the percent of federal taxes to be withheld for state taxes. The 0% option is only available to those individuals who had no liability in the prior tax year and expect no tax liability for the current year.

Property Tax Credits

Arizona allows a refundable property tax credit for those who are age 65 or older or who received Title 16, SSI payments and pay property tax on a home. To qualify for this credit, household income must be below \$3,751 for individuals that live alone, or \$5,501 for those that live with others. The maximum credit is \$502.

	Number	Amount	P	verage
Calendar Year 2006	13,585	\$ 4,838,879	\$	356
Calendar Year 2005	14,561	\$ 5,157,294	\$	354
% Change	(6.7)	(6.2)		0.6%

Clean Elections

As a result of the December 1998 voter approval of the Citizens Clean Elections, Arizona's income taxpayers can make a donation to the Citizens Clean Elections Commission through an income tax check-off or through a voluntary donation. The following is for tax year 2005 filed in 2006.

	August 2006	Calendar Year Total
Check Off	\$59,500	\$4,712,535
Voluntary Donation	(\$2,389)	\$62,047
Number of Returns	7,820	654,409

Contributions on the Individual Income Tax Return

Through August 2006, individual income tax return filers have made the following contributions:

	Number	Amount	A	verage
Wildlife	10,369	\$ 204,800	\$	19.75
Child Abuse	10,999	\$ 225,231	\$	20.48
Special Olympics	5,363	\$ 99,388	\$	18.53
Neighbors Helping	3,167	\$ 49,394	\$	15.60
AID to Education	804	\$ 44,396	\$	55.22
Domestic Violence Shelter	8,168	\$ 168,304	\$	20.61
Democratic Party	1108	\$ 26,932	\$	24.31
Republican Party	657	\$ 16,294	\$	24.80
Libertarian Party	85	\$ 2,180	\$	25.65

CORPORATE INCOME TAX

Corporate Income Tax Receipts

	August 2006	August 2005	% Change
Gross Collections	\$36,550,203	\$25,696,705	42.2
Refunds	(\$4,532,437)	(\$2,266,933)	99.9
Net Collections	\$32,017,766	\$23,429,772	36.7
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	Fiscal Year Total	Prior Fiscal Year Total	% Change
Gross Collections	Fiscal Year Total \$79,903,349	Prior Fiscal Year Total \$65,100,126	% Change 22.7
Gross Collections Refunds			

Corporate Estimated Payments

Corporations are required to file estimated tax payments throughout the year only if (1) their Arizona tax liability exceeds \$1,000 and (2) they are required to file federal estimated tax payments.

Aug 2006	\$17,468,755	Calendar Year Total	\$441,351,574
Aug 2005	\$20,246,429	Calendar Year Total	\$327,637,539
% Change	(13.7%)	% Change	34.7%

PLEASE NOTE THAT AUGUST 2006 WAS THE FIRST MONTH THAT DATA COMES FROM OUR NEW CORPORATE TAX SYSTEM. AS WITH THE CHANGEOVER OF ANY SYSTEM, THERE WILL BE VARIATIONS IN DATA. PLEASE TAKE THE NEGATIVE CHANGE AS A RESULT OF CHANGING DATA GATHERING TECHNIQUES RATHER THAN AN ECONOMIC TREND.

All corporations with an income tax liability of \$20,000 or greater are required to make their estimated tax payments through electronic funds transfer (eft). The table below shows the number of these eft estimated payments, by size of payment, for August 2006 and for the calendar year. DUE TO REPORT PROBLEMS, ALL ESTIMATED PAYMENTS ARE COUNTED IN AUGUST 2006, AS COMPARED TO ONLY EFT ESTIMATED PAYMENTS IN AUGUST 2005. THIS IS OBVIOUSLY CREATING A DATA DISTORTION. WITH ANY LUCK, THIS WILL GET CORRECTED RETROACTIVELY IN A MONTH OR TWO.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 up to \$10,000,000	\$10,000,000 and more	Total	% chg
Aug 2006	662	22	15	3	5	0	707	531
Aug 2005	86	7	14	0	5	0	112	
CY 2005	2,433	337	371	83	67	0	3,291	31.6
CY 2004	1,803	263	333	56	46	0	2,501	

The next table shows the dollars of eft estimated payments received from those counts above.

Size of Payment →	Less than \$50,000	\$50,000 up to \$100,000	\$100,000 up to \$500,000	\$500,000 up to \$1,000,000	\$1,000,000 and more	Total	% chg
Aug 2006	\$2,125,012	\$1,472,202	\$2,790,920	\$2,494,000	\$8,586,620	\$17,468,754	(6.8%)
Aug 2005	\$1,110,064	\$466,691	\$2,919,743	\$0	\$14,254,210	\$18,750,709	
CY 2006	\$26,346,601	\$23,531,761	\$81,166,908	\$60,329,000	\$159,609,186	\$350,983,456	33.4%
CY 2005	\$22,941,257	\$18,969,573	\$72,598,116	\$41,155,128	\$107,345,668	\$263,009,743	

Corporate Refunds

Corporate refunds paid in any state fiscal year are for a mixture of corporate fiscal years. The table below presents the percent of refunds paid in FY 05/06 by corporate fiscal year. For example, in FY 05/06, 38.4% of the refund dollars paid were for corporate fiscal years ending in 2001 or before. The percentages are for refunds paid through the fiscal year.

Corporate Fiscal Year-End:	01 & Prior	02	03	04	05	06
FY 05/06	38.4%	27.7%	0.6%	19.4%	13.8%	0.0%
Corporate Fiscal Year-End:	02 & Prior	03	04	05	06	07
FY 06/07	19.1%	11.7%	6.0%	61.2%	2.0%	0.0%

Corporate Refunds Applied as Estimated Payments

The corporate refunds shown above are those refunds for which a check is mailed to the corporation. Sometimes corporations choose to apply their refund as an estimated payment. The following table presents refunds applied as estimated payments in the most recent month and for the calendar year

August 2006	\$1,228,892	Calendar Year Total	\$110,517,039
August 2005	\$5,017,404	Calendar Year Total	\$43,837,764
% Change	(75.5%)	% Change	152.1%

Corporate Income Tax Document Count

The Arizona Department of Revenue received 112,597 corporate returns showing a fiscal year-end of 2004. The type of return received is indicated below:

	120 X	120 (regular)	120S (S corp)	99T (exempt	120 A (short form)
	(amended)			org.)	
#	274	35,862	64,351	379	11,731
%	0.2	31.8	57.2	0.3	10.4

Through August, 2006, 82,719 documents were received for a fiscal year-end of 2005, distributed as follows:

	120 X (amended)	120 (regular)	120S (S corp)	99T (exempt org.)	120 A (short form)
#	133	22,746	49,834	312	9,694
%	0.2	27.5	60.2	0.4	11.7

The figures for the 2005 returns are most meaningful when compared to 2004 returns received during the same period of time in the previous year. Through August 2005, the Department of Revenue received 80,314 documents with a fiscal year-end of 2004. Compared to 2005 documents, the Department has seen a 3.0% increase in the number of corporate returns received at this point of time in the calendar year.

<u>Urban Revenue Sharing Returned to Cities/Towns</u>

Incorporated cities and towns receive a share of net individual and corporate income tax collections, called Urban Revenue Sharing. The amount of money to be distributed during Fiscal Year 2006/07 is 15.0% of net proceeds from Fiscal Year 2004/05 income tax. Amounts returned for August 2006 are shown on Table 2, at the end of this report.

TRANSACTION PRIVILEGE, SEVERANCE AND USE TAXES

Transaction Privilege, Severance and Use Tax Receipts

The Arizona transaction privilege and severance tax consists of many classifications of tax. These classifications include but are not limited to retail, contracting, amusements, restaurants and bars, hotel/motel and mining severance tax. The collections for all such categories are divided, per statute, into two parts. One part is called distribution base; the other part is known as non-shared. The division of collections into these two parts varies from category to category. For example, retail sales tax is 40% distribution base and 60% non-shared. In contrast, contracting is 20% distribution base and 80% non-shared. Use tax is 100% non-shared.

At the close of each month, transaction privilege and severance tax collections are aggregated by category and total distribution base and non-shared portions are calculated. The amount shown as "Use Tax" in the table below includes use tax, use inventory tax and jet fuel use tax. Education tax is in accordance with Proposition 301 resulting in an additional 0.6% education tax being added to most business classifications. The "Other Revenue" category includes county excise, road, jail and hospital taxes and various other excise taxes, such as the 911 excise tax.

_	August 2006	August 2005	% change
Distribution Base	\$142,219,367	\$133,611,201	6.4
Non shared	278,983,450	261,500,525	6.7
Use Tax	25,431,547	26,621,874	(4.5)
Education Tax	52,061,356	49,515,683	5.1
Other Revenues	64,320,929	55,864,697	15.1
Total Collections	\$563,016,649	\$527,113,979	6.8

	Fiscal Year Total (06/07)	Fiscal Year Total (05/06)	% change
Distribution Base	\$298,235,970	\$274,615,918	8.6
Non shared	586,972,969	536,617,071	9.4
Use Tax	54,092,134	50,494,130	7.1
Education Tax	109,701,748	101,467,619	8.1
Other Revenues	130,286,212	114,987,452	13.3
Total Collections	\$1,179,289,031	\$1,078,182,189	9.4

Distribution of Transaction Privilege, Severance and Use Tax Receipts

Of the distribution base portion of transaction privilege and severance taxes, described above, 25% is returned to incorporated cities/towns, 40.51% is returned to counties and 34.49% goes to the state general fund with the exception of mining severance tax. All of the non-shared revenue and use tax is deposited into the general fund. Therefore, the "Retained by State" figure presented below includes all non-shared portion of transaction privilege tax, use tax and 34.49% of the distribution base collections. The education tax is distributed in accordance with Proposition 301. "Other" revenues are returned to the administering authority.

	August 2006	August 2005	% change
Retained by State	\$353,466,457	\$334,204,902	5.8
Returned to Counties	57,613,066	54,125,897	6.4
Returned to Cities	35,554,842	33,402,800	6.4
Education Tax	52,061,356	49,515,683	5.1
Other Revenues	64,320,929	55,864,697	15.1
Total Collections	\$563,016,649	\$527,113,979	6.8

Distribution of Transaction Privilege, Severance and Use Tax Receipts continued

	Fiscal Year Total (06/07)	Fiscal Year Total (05/06)	% change
Retained by State	\$743,926,688	\$681,826,231	9.1
Returned to Counties	120,815,391	111,246,909	8.6
Returned to Cities	74,558,992	68,653,980	8.6
Education Tax	109,701,748	101,467,619	8.1
Other Revenues	130,286,212	114,987,452	13.3
Total Collections	\$1,179,289,031	\$1,078,182,189	9.4

Transaction Privilege and Severance Tax Collections By Class

				Fiscal Year	
	Tax Rate	August 2006	% Chg	Total	% Chg
Transporting	5.6	\$447,789	51.4	\$765,107	30.8
Non-Metal Mining Oil/Gas	3.125%	584,391	(34.8)	1,490,272	(21.6)
Utilities	5.6%	40,293,011	5.2	79,746,940	9.5
Communications	5.6%	14,010,348	9.0	28,548,160	11.2
Private Car/Pipelines	5.6%	57,551	(16.2)	161,580	(72.7)
Publishing	5.6%	712,472	(0.9)	1,285,735	(5.7)
Job Printing	5.6%	1,371,075	(15.0)	3,098,327	(3.7)
Restaurants & Bars	5.6%	34,427,629	7.6	72,404,632	8.2
Amusements	5.6%	4,444,243	20.9	8,610,586	18.5
Commercial Lease	0%	N/A	N/A	N/A	N/A
Rental of Personal Property	5.6%	14,411,773	8.4	30,928,281	10.2
Contracting	3.75% - 5.6%	86,957,722	15.6	190,283,334	19.0
Retail	5.6%	211,180,243	2.8	441,170,339	4.8
Mining Severance	2.5%	4,675,473	119.8	9,024,914	106.3
Timber Severance	\$2.13/\$1.51 per 1000 board ft	5,585	36.7	6,352	31.4
Hotel/Motel	5.5%	7,103,539	(2.9)	16,263,381	5.0
Membership Camping	5.6%	6,032	(38.2)	11,299	(30.5)
Use Tax	5.6%	25,431,547	(4.5)	54,419,320	7.8
Rental Occupancy Tax	3.0%	N/A	N/A	N/A	N/A
Jet Fuel		460,911	(24.1)	958,116	(17.1)
Jet Fuel Use Tax	\$.0305/\$.0105 gal	52,176	194.7	94,950	34.2
Devices		528,462	95.5	1,056,661	92.6
911 Wireline	\$0.28/month per active service	944,521	(17.2)	2,278,419	(1.3)
911 Wireless	\$0.28/month per active service	916,389	(19.7)	2,109,843	(9.1)
Total		\$449,019,404	5.9%	\$944,711,091	9.0%

The Use/Use Inventory category shown on the previous page includes jet fuel use tax. These collections include only the individual classes of transaction privilege tax, severance tax and use tax. The total does not include license fees or any other fees collected by the department.

Transaction Privilege and Severance Tax Taxable Sales By Class 1

	August 2006	% Chg	Fiscal Year Total	% Chg
Transporting	\$8,972,908	51.7	15,320,956	31.0
Non-Metal Mining Oil/Gas	18,715,745	(34.8)	47,703,961	(21.6)
Utilities	806,261,279	5.3	1,595,339,857	9.6
Communications	280,413,274	9.1	571,169,506	11.2
Private Car/Pipelines	1,152,086	(16.1)	3,232,661	(72.6)
Publishing	14,257,181	(0.8)	25,722,453	(5.7)
Job Printing	27,447,340	(14.9)	61,992,376	(3.7)
Restaurants & Bars	689,183,064	7.7	1,448,723,129	8.2

¹These Taxable Sales figures are calculated on a per return basis, by taking collections and dividing them by the appropriate tax rate. These figures may not match other Taxable Sales figures calculated on the aggregate.

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Transaction Privilege and Severance Tax Taxable Sales by Class¹ continued

	August 2006	% Chg	Fiscal Year Total	% Chg
Amusements	88,970,610	21.0	172,297,472	18.5
Commercial Lease	N/A	N/A	N/A	N/A
Rental of Personal Property	288,498,716	8.5	618,828,883	10.3
Contracting	1,740,568,784	15.4	3,807,081,010	18.4
Retail	4,227,112,992	2.8	8,826,914,907	4.8
Mining Severance	187,088,218	119.9	361,065,848	106.3
Timber Severance	2,624	36.8	2,984	31.5
Hotel/Motel	129,364,607	(2.8)	295,907,189	5.0
Membership Camping	120,809	(38.1)	226,136	(30.5)
Use Tax	509,584,470	(4.7)	1,089,493,663	7.6
Rental Occupancy Tax	N/A	N/A	N/A	N/A
Total	\$9,017,599,046	6.6%	\$18,940,842,369	9.5%

Telecommunications Devices, 911 Excise and 911 Wireless Service classifications previously listed in the collections table are not elements of calculated taxable income and therefore, are not included in the above table. Since the jet fuel use tax is a gallonage tax, this too can not be computed as taxable income. Timber Severance includes only sales subject to a repealed rate. The current tax is per board feet upon which taxable income cannot be computed.

<u>Transaction Privilege and Severance Tax Returned to Counties</u>

Taxpayers reported the following taxable transactions and tax collections by county. The share of the revenues returned to each county for August 2006 is shown in the County Share column.

	County Share	% of Total	FYTD County Sha		% Change
Apache	\$ 400,108	0.7%	\$	827,356	(2.7%)
Coconino	\$ 1,495,869	2.6%	\$	3,102,374	4.7%
Cochise	\$ 1,021,373	1.8%	\$	2,043,874	4.8%
Gila	\$ 463,872	0.8%	\$	913,942	3.4%
Graham	\$ 259,160	0.4%	\$	537,707	7.4%
Greenlee	\$ 530,383	0.9%	\$	1,030,517	108.8%
La Paz	\$ 151,644	0.3%	\$	316,718	(3.2%)
Maricopa	\$ 36,768,034	63.8%	\$	77,401,380	8.5%
Mohave	\$ 1,694,491	2.9%	\$	3,528,130	8.9%
Navajo	\$ 889,400	1.5%	\$	1,850,837	2.5%
Pima	\$ 8,099,973	14.1%	\$	17,006,302	5.3%
Pinal	\$ 1,960,634	3.4%	\$	4,171,043	31.0%
Santa Cruz	\$ 376,898	0.7%	\$	777,564	6.8%
Yavapai	\$ 2,097,935	3.6%	\$	4,366,601	7.4%
Yuma	\$ 1,403,294	2.4%	\$	2,941,046	5.8%
Total	\$ 57,613,066		\$	120,815,391	8.6%

<u>Transaction Privilege and Severance Tax Returned to Cities/Towns</u>

The portion of transaction privilege and severance tax returned to each incorporated city or town for August 2006 is shown on Table 3, attached to this report.

<u>County Tax Collections</u>
The following county-imposed tax collections were received by the Department of Revenue during June 2006 and returned to the counties. The rental car surcharge in Maricopa County is \$2.50 per car and in Pima County is \$3.50 per car. The RV Surcharge in Pima County is \$0.50/day on each lease or rental of a parking space for recreational vehicles.

County Tax Collections continued

	R	oad Tax	E	xcise Tax		Jail Tax	ental Car urcharge	 dium ax	RV Surcharge	Та	lospital x/Health vcs Dist	Capitol Projects	Tourism Authority
Apache			\$	111,727									
Cochise			\$	654,257									
Coconino			\$	1,073,302	\$	643,832						\$ 268,247	<u>.</u>
Gila	\$	317,915	\$	311,111									
Graham			\$	149,757									
Greenlee			\$	103,365									
La Paz			\$	85,474	\$	85,474				\$	(43)		
Maricopa	\$ 2	29,789,983			\$ 1	1,186,594	\$ 410,223	\$ 321					\$ 1,571,731
Mohave			\$	666,192									
Navajo			\$	576,135									
Pima	\$	5,268,631					\$ 115,611		\$ 6,972				
Pinal	\$	1,498,626	\$	1,473,424									
S Cruz			\$	266,943	\$	260,559							
Yavapai			\$	1,355,157	\$	678,297							
Yuma			\$	847,968	\$	847,970				\$	168,389	\$ 847,927	

OTHER TAXES

Luxury Taxes

The following revenues were received from luxury taxes in August 2006. The table compares the receipts to August 2005 and also compares fiscal year (FY) totals. Figures may not add to total due to rounding.

	August 2006	August 2005	%
Spirituous	\$ 2,843,602	\$ 1,631,871	74.3
Vinous	\$ 1,059,971	\$ 835,847	26.8
Malt	\$ 2,063,503	\$ 2,283,706	(9.6)
Cigarette	\$ 20,985,131	\$ 22,643,809	(7.3)
Other Tobacco	\$ 792,664	\$ 832,107	(4.7)
Tobacco Licenses	\$ 625	\$ 575	8.7
Total	\$ 27,745,497	\$ 28,227,916	(1.7)

	Fiscal Year (06/07)	Fisca	al Year (05/06)	%	
Spirituous	\$ 3,852,041	\$	3,563,434	8.1	
Vinous	\$ 1,558,664	\$	1,466,157	6.3	
Malt	\$ 4,726,051	\$	3,899,624	21.2	
Cigarette*	\$ 46,665,254	\$	45,850,187	1.8	
Other Tobacco	\$ 1,570,855	\$	1,522,208	3.2	
Tobacco Licenses	\$ 1,850	\$	1,025	80.5	
Total	\$ 58,374,716	\$	56,302,635	3.7	

^{*}Through August 2006, \$495,835 of cigarette and tobacco tax collections has been allocated for administrative expenses and is not included in the cigarette collections above.

General Fund revenues from luxury taxes:

	 August 2006	FY06/07		
Spirituous	\$ 1,990,522	\$ 2,696,429		
Vinous	\$ 264,479	\$ 388,512		
Malt	\$ 515,876	\$ 1,181,513		
Cigarette	\$ 2,823,693	\$ 6,317,151		
Other Tobacco	\$ 122,863	\$ 181,227		
Tobacco Licenses	\$ 625	\$ 1,850		
Total	\$ 5.718.058	\$ 10.766.682		

Other dedicated revenues from luxury taxes:

	August 2006	FY06/07	
Correction Fund revenues	\$ 2,605,256	\$ 4,881,328	
Tobacco Tax & Health Care Fund ²	\$ 7,392,897	\$ 16,357,475	
Tobacco Products Tax Fund ³	\$ 10,962,519	\$ 24,409,385	
Wine Promotional Fund revenues	\$ 2,053	\$ 4,617	
Drug Treatment & Education Fund revenues	\$ 760,908	\$ 1,400,061	
Corrections Revolving Fund revenues	\$ 303,808	\$ 555,168	

Estate Tax

% change	August-06 \$ August-05 \$	28,307 6,782,948 N/A	Fiscal Year to Date Fiscal Year to Date % Change	\$ \$	104,714 7,608,446 N/A	
<u>Bingo</u>						
% change	August-06 \$ August-05 \$	41,007 42,734 (4.0)	Fiscal Year to Date Fiscal Year to Date % Change	\$ \$	106,962 107,061 (0.1)	
<u>Unclaim</u>	ed Property					
% change	August-06 \$ August-05 \$	2,644,817 609,189 N/A	Fiscal Year to Date Fiscal Year to Date % Change	\$ \$	7,833,429 1,300,717 N/A	_

Please note that some totals throughout Tax Facts may not add due to rounding.

SOURCE: THE OFFICE OF ECONOMIC RESEARCH & ANALYSIS, ARIZONA DEPARTMENT OF **REVENUE**

² Formerly the Health Care Fund

 $^{^3}$ This Fund was created by Prop. 303, which increased cigarette & other tobacco products tax rates in November 2002.

TABLE 1
"New" Returns Filed in 2006 for Tax Year 2005
Through August 2006

	CHARACTERISTICS OF TAXPAYERS									
Federal Adjusted Gross Income Bracket	Number of Returns	% of Total	Average FAGI	Average Tax Due	% Married Joint	% Single	% Unmarried Head	% Married Separate	% Over 65	% With Dependents
Negative FAGI	2,446	0.9%	-\$16,543	\$4	18.6%	73.2%	5.9%	2.3%	14.1%	13.6%
\$0-\$5,000	53,344	19.7%	\$2,737	\$0	4.0%	85.4%	9.9%	0.8%	3.8%	15.6%
\$5,000-\$10,000	55,127	20.4%	\$7,369	\$24	6.0%	76.2%	16.8%	1.0%	4.9%	24.8%
\$10,000-\$15,000	38,639	14.3%	\$12,383	\$95	11.8%	60.7%	26.0%	1.5%	7.5%	36.6%
\$15,000-\$20,000	29,211	10.8%	\$17,366	\$167	19.0%	49.6%	29.5%	1.9%	8.1%	43.5%
\$20,000-\$25,000	20,632	7.6%	\$22,342	\$267	24.8%	43.9%	28.7%	2.6%	6.9%	47.7%
\$25,000-\$30,000	14,725	5.4%	\$27,393	\$390	28.4%	42.7%	26.2%	2.7%	7.1%	46.6%
\$30,000-\$40,000	19,101	7.1%	\$34,525	\$552	34.9%	39.3%	22.4%	3.4%	7.5%	46.9%
\$40,000-\$50,000	11,262	4.2%	\$44,624	\$784	44.3%	34.7%	17.7%	3.3%	9.2%	46.0%
\$50,000-\$75,000	14,452	5.3%	\$60,554	\$1,137	60.4%	25.8%	11.3%	2.5%	12.5%	46.9%
\$75,000-\$100,000	5,926	2.2%	\$85,601	\$1,796	71.7%	19.4%	7.3%	1.5%	14.9%	46.0%
\$100,000-\$200,000	4,581	1.7%	\$130,086	\$3,261	72.3%	19.3%	6.5%	1.9%	17.4%	44.5%
\$200,000-\$500,000	920	0.3%	\$285,652	\$9,515	64.9%	26.0%	7.0%	2.2%	26.7%	35.8%
\$500,000-\$1,000,000	121	0.0%	\$688,414	\$36,082	70.5%	24.6%	1.6%	3.3%	33.6%	27.9%
\$1,000,000 and over	48	0.0%	\$2,154,331	\$123,750	58.3%	25.0%	8.3%	8.3%	35.4%	25.0%
Total	270,535		\$22,000	\$376	16.7%	49.2%	16.0%	1.4%	7.1%	34.0%

^{*}An asterisked line indicates that the information cannot be released due to confidentiality laws.

NEW RETURNS	FILED IN 2005 FOR TAX	(YEAR 2004							
Total	258,482	\$22,021	\$390	17.0%	48.3%	16.1%	1.7%	7.5%	34.2%

[&]quot;NEW" Returns means that there was no return filed by the taxpayer in the previous filing year. This may or may not mean the filer is new to the state.

TABLE 2
Urban Revenue Sharing Returned to Cities/Towns
August 2006

August 2006										
City	Distribution	Population	City	Distribution	Population					
Apache County			Surprise	\$835,253	88,265					
Eagar	\$41,968	4,435	Tempe	\$1,568,930	165,796					
Springerville	\$36,575	2,065	Tolleson	\$61,491	6,498					
St. Johns	\$19,541	3,865	Wickenburg	\$57,507	6,077					
Cochise County	4 . 5 , 5	-,	Youngtown	\$58,321	6,163					
Benson	\$44,855	4,740	Mohave County	Ψοσ,σΞ.	0,.00					
Bisbee	\$62,172	6,570	Bullhead City	\$361,582	38,210					
Douglas	\$162,717	17,195	Colorado City	\$38,609	4,080					
Huachuca City	\$17,317	1,830	Kingman	\$244,714	25,860					
Sierra Vista	\$413,439	43,690	Lake Havasu City	\$505,656	53,435					
Tombstone	\$15,235	1,610	Navajo County	φ303,030	33,433					
Willcox	\$36,764	3,885	Holbrook	\$51,337	E 42E					
	φ30,70 4	3,000			5,425					
Coconino County	¢ 570,005	C4 40F	Pinetop-Lakeside	\$39,413	4,165					
Flagstaff	\$578,995 \$40,504	61,185	Show Low	\$93,258 \$46,700	9,885					
Fredonia	\$10,504	1,110	Snowflake	\$46,700	4,935					
Page	\$67,282	7,110	Taylor	\$38,798	4,100					
Williams	\$29,761	3,145	Winslow	\$93,069	9,835					
Gila County			Pima County							
Globe	\$70,925	7,495	Marana	\$252,899	26,725					
Hayden	\$8,441	892	Oro Valley	\$372,843	39,400					
Miami	\$18,500	1,955	Sahuarita	\$132,388	13,990					
Payson	\$146,014	15,430	South Tucson	\$53,277	5,630					
Star Valley	\$18,983	2,006	Tucson	\$5,013,221	529,770					
Winkelman	\$4,192	443	Pinal County							
Graham County			Apache Junction	\$322,405	34,070					
Pima	\$19,730	2,085	Casa Grande	\$307,264	32,470					
Safford	\$88,574	9,360	Coolidge	\$77,407	8,180					
Thatcher	\$43,057	4,550	Eloy	\$105,276	11,125					
Greenlee County			Florence	\$194,276	20,530					
Clifton	\$24,566	2,596	Kearny	\$21,282	2,249					
Duncan	\$7,684	812	Mammoth	\$16,674	1,762					
La Paz County			Maricopa	\$100,527	15,934					
Parker	\$31,039	3,280	Superior	\$30,793	3,254					
Quartzsite	\$34,067	3,600	Santa Cruz County	, ,	-, -					
Maricopa County	, , , , , ,	-,	Nogales	\$206,578	21,830					
Avondale	\$656,317	69,356	Patagonia	\$8,706	920					
Buckeye	\$240,417	25,406	Yavapai County	ψο,. σσ	020					
Carefree	\$34,862	3,684	Camp Verde	\$101,538	10,730					
Cave Creek	\$45,101	4,766	Chino Valley	\$116,632	12,325					
Chandler	\$2,184,490	230,845	Clarkdale	\$34,824	3,680					
El Mirage	\$303,394	32,061	Cottonwood	\$102,768	10,860					
Fountain Hills	\$231,768	24,492	Dewey-Humboldt	\$38,136	4,030					
Gila Bend	\$18,737	1,980	Jerome	\$3,123	330					
Gilbert			Prescott		40,770					
Glendale	\$1,637,783 \$2,293,541	173,072 242,369		\$385,807 \$317,721	33,575					
			Prescott Valley							
Goodyear	\$437,314	46,213	Sedona	\$103,478	10,935					
Guadalupe	\$52,567 \$42,840	5,555	Yuma County	#040.00	00.000					
Litchfield Park	\$42,849	4,528	San Luis	\$216,987	22,930					
Mesa	\$4,240,339	448,096	Somerton	\$92,264	9,750					
Paradise Valley	\$131,186	13,863	Wellton	\$18,642	1,970					
Peoria	\$1,307,249	138,143	Yuma	\$840,079	88,775					
Phoenix	\$13,965,839	1,475,834								
Queen Creek	\$155,326	16,414								
Scottsdale	\$2,221,462	234,752	TOTAL	\$45,935,888	4,859,596					

TABLE 3
Transaction Privilege and Severance Tax Returned to Cities/Towns
August 2006

City	Distribution	Population	City	Distribution	Population
Apache County			Surprise	\$645,784	88,265
Eagar	\$32,448	4,435	Tempe	\$1,213,033	165,796
Springerville	\$15,108	2,065	Tolleson	\$47,542	6,498
St. Johns	\$28,278	3,865	Wickenburg	\$44,462	6,077
Cochise County			Youngtown	\$45,091	6,163
Benson	\$34,680	4,740	Mohave County		
Bisbee	\$48,069	6,570	Bullhead City	\$279,560	38,210
Douglas	\$125,806	17,195	Colorado City	\$29,851	4,080
Huachuca City	\$13,389	1,830	Kingman	\$189,203	25,860
Sierra Vista	\$319,654	43,690	Lake Havasu City	\$390,953	53,435
Tombstone	\$11,779	1,610	Navajo County		
Willcox	\$28,424	3,885	Holbrook	\$39,692	5,425
Coconino County			Pinetop/Lakeside	\$30,473	4,165
Flagstaff	\$447,655	61,185	Show Low	\$72,323	9,885
Fredonia	\$8,121	1,110	Snowflake	\$36,107	4,935
Page	\$52,020	7,110	Taylor	\$29,997	4,100
Williams	\$23,010	3,145	Winslow	\$71,957	9,835
Gila County	Ψ=0,0.0	3,1.13	Pima County	ψ,σσ.	0,000
Globe	\$54.837	7,495	Marana	\$195,531	26,725
Hayden	\$6,526	892	Oro Valley	\$288,267	39,400
Miami	\$14,304	1,955	Sahuarita	\$102,357	13,990
Payson	\$112,892	15,430	South Tucson	\$41,191	5,630
Star Valley	\$14,677	2,006	Tucson	\$3,876,019	529,770
Winkelman	\$3,241	443	Pinal County	φο,ο,ο,ο,ο	020,170
Graham County	Ψ0,241	7-10	Apache Junction	\$249,270	34,070
Pima	\$15,255	2,085	Casa Grande	\$237,564	32,470
Safford	\$68,482	9,360	Coolidge	\$59,848	8,180
Thatcher	\$33,290	4,550	Eloy	\$81,395	11,125
Greenlee County	Ψ33,290	4,330	Florence	\$150,206	20,530
Clifton	\$18,993	2,596	Kearny	\$16,455	2,249
Duncan	\$5,941	812	Mammoth	\$12,892	1,762
	ψ5,941	012	Maricopa	\$116,580	15,934
<u>La Paz County</u> Parker	\$23,998	3,280	T		
			Superior	\$23,808	3,254
Quartzsite	\$26,339	3,600	Santa Cruz County		
Maricopa County			Nogales	\$159,717	21,830
Avondale	\$507,438	69,356	Patagonia	\$6,731	920
Buckeye	\$185,881	25,406	Yavapai County		
Carefree	\$26,954	3,684	Camp Verde	\$78,505	10,730
Cave Creek	\$34,870	4,766	Chino Valley	\$90,175	12,325
Chandler	\$1,688,959	230,845	Clarkdale	\$26,924	3,680
El Mirage	\$234,572	32,061	Cottonwood	\$79,456	10,860
Fountain Hills	\$179,194	24,492	Dewey-Humboldt	\$29,485	4,030
Gila Bend	\$14,487	1,980	Jerome	\$2,414	330
Gilbert	\$1,266,267	173,072	Prescott	\$298,290	40,770
Glendale	\$1,773,273	242,369	Prescott Valley	\$245,649	33,575
Goodyear	\$338,114	46,213	Sedona	\$80,005	10,935
Guadalupe	\$40,643	5,555	Yuma County		
Litchfield Park	\$33,129	4,528	San Luis	\$167,765	22,930
Mesa	\$3,278,458	448,096	Somerton	\$71,335	9,750
Paradise Valley	\$101,428	13,863	Wellton	\$14,413	1,970
Peoria	\$1,010,712	138,143	Yuma	\$649,515	88,775
Phoenix	\$10,797,820	1,475,834		. ,	, -
Queen Creek	\$120,092	16,414			
Scottsdale	\$1,717,544	234,752	TOTAL	\$35,554,842	4,859,596
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